

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 1999-385-C - ORDER NO. 2000-0191

MARCH 21, 2000

IN RE: Application of Network Communications) ORDER
 International Corporation For A Certificate of) GRANTING
 Public Convenience and Necessity To Provide) CERTIFICATE
 Intrastate Resold Telecommunications Services)

This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of Network Communications International Corporation ("NCIC" or the "Company") requesting a Certificate of Public Convenience and Necessity authorizing it to provide intrastate resold telecommunications services between and among locations within the State of South Carolina as a non facilities-based interexchange telecommunications service provider. The Company's Application was filed pursuant to S.C. Code Ann. § 58-9-280 and 58-9-520 (Supp. 1999) and the Regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed NCIC to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of NCIC's Application and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. The Company complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. No Petitions to Intervene were filed.

A hearing was convened on February 10, 2000, at 10:30 a.m. in the Commission's Hearing Room at 101 Executive Center Drive, Columbia, South Carolina. The Honorable Philip T. Bradley, Chairman, presided. Bonnie D. Shealy, Esquire represented the Company. Jocelyn D. Green, Staff Counsel, represented the Commission Staff.

William L. Pope, President of Network Communications International Corporation, appeared and testified in support of the Application. As President of NCIC, Mr. Pope is primarily responsible for the overall operations of the Company, including strategic planning and its implementation. NCIC is jointly owned by Mr. Pope and Mr. Jay Walters, in equal shares. Furthermore, NCIC is a privately-held Texas corporation that was incorporated on August 29, 1996.

Upon receiving certification from the South Carolina Public Service Commission, NCIC proposes to provide Operator-Assisted Services to transient end-users. More specifically, NCIC intends to provide originating and terminating service to transient end-users throughout the entire State of South Carolina. NCIC also intends to offer prepaid calling cards in South Carolina. The Company's prepaid card services are offered through various sales channels, from direct distributors through direct sales via the Company's sales personnel. NCIC's cards are offered for sale with an eighteen month expiration date.

Regarding the Company's financial ability to offer its services in South Carolina, as of June 30, 1999, NCIC's total current assets were \$3,174,425.05 and its total current liabilities were \$2,320,873.53. According to the record, NCIC will need minimum capital investment for entering the South Carolina market. Costs that NCIC expects to incur include cost of certification, initial marketing, and incremental per-call costs assessed by its underlying carriers for switching and transporting calls. The record also reveals NCIC's management staff possesses sufficient managerial, technical, marketing, and administrative experience to operate as a reseller in South Carolina. Mr. Pope has eleven years of telecommunications experience in sales, business development, customer service, and executive management. Mr. Jay Walters, Chief Executive Officer and co-founder of NCIC, is responsible for management of information services and currently serves as director of operations. Prior to joining NCIC, Mr. Walters was employed with NOS.

The record reveals NCIC has already received certification to provide its telecommunications services in Alabama, Arkansas, California, Colorado, Florida, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Maine, Minnesota, Mississippi, Missouri, Nebraska, Nevada, New Hampshire, New Jersey, New York, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, Tennessee, Texas, Vermont, Washington, West Virginia, Wisconsin, and Wyoming. The Company has never been denied authority to operate in any state nor has the Company been issued a cease and desist order in any state. Although NCIC owns a switch in Texas, the Company does not own any network or transmission facilities that would be used to route South Carolina calls.

Customer service or billing inquiries are handled by NCIC's customer service department; this department is open twenty-four hours a day and NCIC's customer service telephone number appears on each customer's bill. The record reveals NCIC will utilize either direct mail, direct sales, or advertisements in trade magazines to attract South Carolina customers. Finally, Mr. Pope testified certification of NCIC will enhance telecommunications competition in South Carolina and provide South Carolina consumers with a wider choice of operator service providers.

After full consideration of the applicable law, the Company's application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. NCIC is organized as a corporation under the laws of the State of Texas and is authorized to do business as a foreign corporation in the State of South Carolina by the Secretary of State.
2. NCIC operates as a non facilities-based reseller of interexchange services and wishes to provide its services in South Carolina.
3. NCIC has the experience, capability, and financial resources to provide the services as described in its Application.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to NCIC to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through its own facilities and through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission.
2. The Commission adopts a rate design for NCIC for its resale of interexchange services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).
3. NCIC shall not adjust its interexchange rates below the approved maximum level without notice to the Commission and to the public. NCIC shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for interexchange services reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general

ratemaking proceeding and will be treated in accordance with the notice and hearing provision of S.C. Code Ann. §58-9-540 (Supp. 1999).

4. If it has not already done so by the date of issuance of this Order, NCIC shall file its revised tariff and an accompanying price list within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

5. NCIC is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers and facilities-based interexchange carriers should be treated similarly.

6. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

7. NCIC shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If NCIC changes underlying carriers, it shall notify the Commission in writing.

8. NCIC shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

9. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. NCIC shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. Attachment B

shall be utilized for the provision of this information to the Commission. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced.

10. As a condition of offering debit card services, the Commission requires the Company to post with the Commission a bond in the form of a Certificate of Deposit worth \$5,000 drawn in the name of the Public Service Commission of South Carolina or a surety bond in the amount of \$5,000 which is payable to the Commission. The Certificate of Deposit shall be drawn on federal or state chartered banks or savings and loan associations which maintain an office in this state and whose accounts are insured by either the FDIC or the Federal Savings and Loan Insurance Corporation. A surety bond shall be issued by a duly licensed bonding or insurance company authorized to do business in South Carolina. This condition may be reviewed annually.

11. If the Company sells its debit cards to retail establishments for resale of the debit cards, and the retailer of the debit cards deviates from the suggested retail price as filed in the tariff, or as approved by the Commission in a special promotion, then the Company will withdraw its cards from that retail outlet. This Commission strongly suggests that the Company enter into written agreements with its South Carolina retail outlets regarding this policy of abiding by suggested retail pricing prior to the outlet marketing the card.

12. With regard to the origination and termination of toll calls within the same LATA, NCIC shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by the toll dial parity rules established by the Federal Communications Commission, pursuant to the Telecommunications Act of 1996 (See, 47 CFR 51.209).

13. The Company is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

14. For intrastate 0+ operator-assisted and calling card calls originated from pay telephones outside confinement facilities and aggregator locations, NCIC may not impose an operator service charge greater than the intrastate charges then currently approved for AT&T. For the usage portion of the call, NCIC may not charge more than the intrastate rates charged by AT&T Communications or BellSouth at the time the call is completed.

NCIC should be allowed to incorporate in its tariff a surcharge (property-imposed fee) on operator-assisted and calling card calls not to exceed \$1.00 for calls originated from payphone (excluding pay telephone associated with inmate calling service) and from aggregator locations only if the property owner has not added a surcharge already. That is, NCIC may not impose an additional surcharge to calls originating from payphones and from aggregator locations if a property owner has already imposed such a surcharge. If such a surcharge is applied on behalf of a property owner, the Company should pay the surcharge in its entirety to the property owner. Further, if the surcharge is applied, the user should be notified of the imposition of the surcharge. This notification should be included in the information pieces identifying the Company as the operator service provider.

NCIC is required to provide information pieces to pay telephone service providers or property owners identifying the Company as the provider of operator service for authorized calls originated from the location. NCIC is required to brand all calls identifying itself as the carrier. The information pieces shall be consistent with the format approved by the Commission in Order No. 93-811, issued in Docket No. 92-557-C.

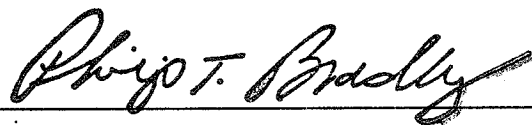
For the provision of operator services, NCIC shall comply with the Operator Service Provider Guidelines approved in Order No. 93-534, issued in Docket No. 93-026-C.

15. This Order shall remain in full force and effect until further Order of the Commission.

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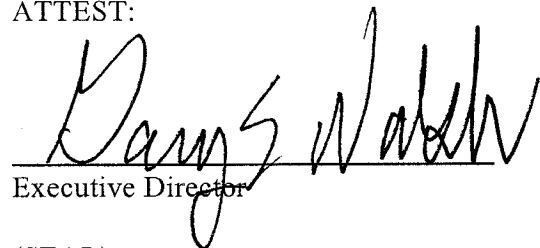
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BY ORDER OF THE COMMISSION:



Chairman

ATTEST:



Executive Director

(SEAL)

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ATTACHMENT A

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS
FOR INTEREXCHANGE COMPANIES AND AOS'

COMPANY NAME

FEIN

ADDRESS PHONE NUMBER

CITY, STATE, ZIP CODE FAX NUMBER

1. SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31, OR FISCAL YEAR. \$ _____
2. SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31, OR FISCAL YEAR. \$ _____
3. RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS FOR THE 12 MONTHS
ENDING DECEMBER 31, OR FISCAL YEAR. \$ _____
4. PARENT'S CAPITAL STRUCTURE FOR THE 12 MONTHS ENDING
DECEMBER 31, OR FISCAL YEAR. \$ _____
5. PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND EMBEDDED
COST PERCENTAGE (%) _____
6. ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE AMOUNT OF
EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL AS METHOD OF
ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3 ABOVE).
7. **CONTACT PERSON FOR ALL FINANCIAL INQUIRIES AND REPORTING:**

NAME _____

ADDRESS (IF DIFFERENT FROM COMPANY) _____

TELEPHONE NUMBER _____

SIGNATURE

NAME PLEASE PRINT OR TYPE

TITLE

AUTHORIZED UTILITY REPRESENTATIVE INFORMATION

PURSUANT TO SOUTH CAROLINA PUBLIC SERVICE COMMISSION REGULATION

103-612.2.4(b) - Each utility shall file and maintain with the Commission the name, title, address, and telephone number of the persons who should be contacted in connection with General Management Duties, Customer Relations (Complaints), Engineering Operations, Test and Repairs, and Emergencies during non-office hours.

Company Name (Including dba Name(s) or Acronyms used or to be used in South Carolina)

Business Address

City, State, Zip Code

A.

General Manager Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

B.

Customer Relations (Complaints) Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

C.

Engineering Operations Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

D.

Test and Repair Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

E.

Contact for Emergencies During Non-Office Hours (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

F.

Financial Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

G.

Customer Contact Telephone Number for Company (Toll Free)

This form was completed by

Signature

**If you have any questions, contact the Consumer Services Department (803-896-5230)
or Utilities Department at (803-896-5105).**